

Electricity and natural gas rates on the rise

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Utah consumers soon may be facing big back-to-back increases in their monthly electricity and natural gas rates.

Rocky Mountain Power, the utility that provides most Utahns with the electricity to light their homes, and natural gas supplier Questar Gas are getting ready to request, within the span of a couple of days, that the state's Public Service Commission allow them to raise their rates.

Early indications are that the requested increases could be substantial.

"We're looking at a requested rate increase that probably will be in the same range of magnitude as our last case," Rocky Mountain Power spokesman Dave Eskelsen said.

"We're planning on investing quite a bit of money into our system."

In March 2006, Rocky Mountain Power asked the PSC for permission to raise its rates by a whopping \$197 million, or 17 percent.

After months of negotiations with groups that included the Committee of Consumer Services, which serves as the voice of consumers in utility rate cases, the power company agreed to a 9.6 percent, or a \$115 million, rate increase that raised the typical Utah residential customer's bill by \$5.75 a month.

As part of that agreement, the committee also secured a concession from the power company that it would not file another rate increase request until after Dec. 11 of this year.

Rocky Mountain Power isn't going to waste any time. It recently notified the PSC it intends to file a rate case "on or soon after Dec. 11, 2007."

The company is preparing to argue that it needs a rate increase to help it meet the growing demand for electricity in the state. Eskelsen noted that over the past two years, for example, the company invested \$220 million alone in its distribution system, which includes facilities such as new substations.

Questar Gas also has notified the PSC that it intends to file a "general" rate case "on or after Dec. 10, 2007."

Although Questar frequently files what are known as "pass-through" rate cases with the PSC, its planned filing next month will be the company's first requested general rate case in nearly five years.

Questar provides natural gas to its customers at no profit. With pass-through rate cases, the company is seeking to adjust the amount it charges its customers for only the natural gas it delivers. The cost of natural gas represents 65 percent of each residential customer's monthly bill.

In contrast, a general rate case addresses the amount the company is entitled to earn for operating a system that delivers natural gas to its Utah residential and business customers. Operating costs - the amount that Questar pays for its people, pipelines and trucks - account for 35 percent of the typical homeowner's monthly bill.

Five years ago, Questar requested permission from the PSC to raise its rates by \$23 million. The PSC approved only \$11.2 million, which resulted in about a \$2-per-month increase in the typical customer's natural gas bill.

"As the number of our customers continues to grow, we're facing the need to build new pipelines and improving the [natural-gas-handling] capacity of our system," Questar spokesman Chad Jones said Tuesday.

He estimated that Questar will be spending \$40 million or more annually over the next four or five years.

The Utah Committee of Consumer Services is preparing to weigh in on both utilities' requests once their rate cases are filed, said spokeswoman Christine Keyser.

She said the committee has assembled teams to evaluate both rate cases and will be able to commit additional resources if any unexpected issues arise once the cases are under way.

PSC spokeswoman Julie Orchard said it is unusual for Utah's largest utilities to have general rate cases pending at the same time. "The last time that happened was in 1999, but even then those two cases were filed a couple of months apart."

She noted that under state law, the PSC must hand down a decision on rate cases within 240 days, which means Utahns' power and natural gas bills may not go up until around August.

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